

FISCAL NOTE

SB 606 - HB 1807

April 5, 2007

SUMMARY OF BILL: Creates a dedicated fund to which all monetary penalties for violations of the Water Quality Control Act (WQCA) would be allocated for the purpose of funding salaries and benefits for enforcement personnel. Increases the mandatory penalties for violations of the WQCA. Requires the Department of Environment and Conservation to develop a cost list for expenses related to the monitoring of compliance with the WQCA. Requires revenue from increased penalties to be allocated to enforcement until the department achieves a ratio of one enforcement officer per 100 active sites under the WQCA.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$700,000/FY08

\$8,300,000/FY09 and Thereafter

Increase State Revenues - \$8,300,000

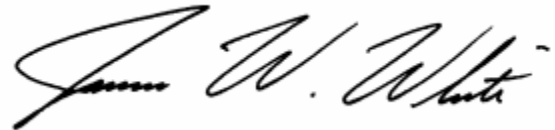
Other Fiscal Impact - T.C.A. §68-203-104(d) stipulates that fee revenue to the department through the Environmental Protection Fund must meet a particular ratio in proportion to general fund appropriations to the department. The Department of Finance and Administration is responsible for such calculation. T.C.A. §68-203-101(b)(1) includes all fees, civil penalties and damages as part of the Environmental Protection Fund. According to information obtained by staff, historically the Department of Finance and Administration includes revenue from penalties in the ratio calculation described above. Therefore, the increased penalty revenue derived from the provisions of the bill will result in a disproportionate ratio of fee and penalty revenue as compared to general fund appropriations according to the way it has historically been calculated. Therefore, if the provisions of the bill are carried out, it may result in significant additional general fund appropriations in order to maintain such ratio.

Assumptions:

- FY06 penalty collections of \$700,000. This note assumes that FY07 collections will be equivalent.
- Because fee collections for FY07 are estimated to be \$700,000, the department will be required to spend an equivalent amount on enforcement officers in FY08 in order to move toward the ratio of one enforcement officer per 100 active sites under the WQCA.
- The department currently has approximately 15,000 active permit sites that would qualify under the provisions of this bill. Therefore, 150 additional enforcement officers would be required. The department would need to spend approximately \$9,000,000 for salary and benefits for such individuals.
- The provisions of the bill stipulate that penalty revenues must be structured in a manner that equals the required expenditures for enforcement staff. Therefore, it is assumed that an additional \$8,300,000 in fee revenue will be generated by the department.
- Any increase in state expenditures for the department to develop the required cost list is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director